GAS MASK DAY NATIONAL.

HUGHES FINDS GREAT WASTE AND COSTLY BLUNDERS IN AIRCR **GREGORY RATIFIES** THE HUGHES REPORT

Ryan Says Honesty of Those Connected With Aircraft Production Is Upheld.

FINDINGS GO TO WILSON

Attorney-General Calls Deeds's Acts "Reprehensible but Not Criminal."

Special Despatch to THE SUN. WASHINGTON, Oct. 31 .- In transmitto-day Attorney-General Gregory acsess of the document. He said that being free to take the precautions which is a period of five months since Judge the exigency demanded." in a period of five months since Judge Hughes assumed the functions of spe-cial investigator he had given his entire duction was defective organization time to the work and had been "in direct charge of the investigation which has been conducted by him with the cooperation of myself and other officials of the Department of Justice.

Gregory's Report to Wilson.

course of the development of the aircraft programme. After carefully ex-amining this statement of the transactions I find myself in substantial accord therewith and do not consider it necestary to present to you a somewhat full report which has heretofore been prepared in the Department of Justice. As this course have not as yet sand the property motors are the number of Liberty motors delivered up to October 11 was 9,639. ereinafter shown. I also find myself in accord with the conclusions presented by Judge Hughes on questions of dis-

investigation to enter into criticisms of the programme or of mistakes in policy or in the exercise of judgment.
"I send you herewith Judge Hughes's bears out what Col. Ro

report and present herein my conclu-sions and briefly supplement Judge liughes's findings of fact in a few in-

expenditures out of the initial war appropriation for the air service for the fiscal year 1917-18 in a short paragraph. Mr. Gregory boiled the matters into the following single paragraph:

The \$691,851,866 appropriated was doesn't say so, for all aviation purposes, including many things besides the building of alreraft. Contracts for airplanes and motors let here and abroad it was estimated would require \$474,910,706, but in May last this amount had by no means been expended. The actual disbursements for this purpose up to the close of the fiscal year ended June 30, 1918, were as follows:

For production in this country \$106.741.491 For production abroad. 25,605.074 For experimental and decrease. or experimental and develop-ment work. 1,697,830

The Attorney-General also condensed

COURT-MARTIAL FOR COL. DEEDS ASKED

Continued from First Page.

work upon the Liberty motor is done. and who was repeatedly reported to have made pro-German utterances. When other members of the department "who felt that the department was practically a pro-German institution," said that Emde should be removed Mr. Ford overruled them, explaining that it was a time of sacri-fice "and that possibly Mr. Emde, German born, was making his sacrinow when making drawings for the Liberty motor to be used eventually against Germany."

WASHINGTON, Oct. 31.—In transmit-ing the Hughes report to the President to-day Attorney-General Gregory accompanied it with a comparatively brief letter, supplementing it in a limited way and expressing his fullest confidence in the accuracy, completeness and fair-

That a chief cause of delay in production was defective organization in the Signal Corps; that the job of organizing for aircraft production was believed with the mayor of the competency. Of Major-Gen. George A. Squier. The report says Gen. Squier "had neither training nor experience for such a large industrial enter-To the President Mr. Gregory said:

"On the afternoon of last Saturday, on October 26, Judge Hughes handed to mee a copy of his report, together with me a copy of his report, together with prise, and those who were brought to the

October 26. Judge rings of his report together with me a copy of his report together with a letter asking me to transmit it to you with whatever statement of views I wished to make. The report consists product was 6.171 finished airplanes.

That the Government has paid or will association, or firm, shall be employed. The company of th "By far the greater portion is devoted to a remarkably accurate statement of substantially all the transactions had since the beginning of the war in the condemned."

That the Government has paid or will association, or firm, shall be employed association, for training planes and \$22,970,000 for United States for the transaction of Bristoi fighters, both of which have been business with such corporation, joint condemned.

or combat plane, as dis-ed from the heavy observation self tinguished from the heavy or bombing planes, and, after giving due weight to all explanations, the fact reonesty and malversion. weight to all explanations, the fa ms of have been produced in large quantities hs ago had there been promp decision and consistent purpose." This bears out what Col. Roosevelt said at

Carnegie Hall a few nights ago.

That an exorbitant profit was originally awarded to manufacturers of De Haviland planes and Liberty motors. The profit has recently been reduced by revision of contracts, which saves the Government \$12,562,500. This revision was made when the Hughes inquiry was nearly completed and can be credited to inquiry, although Mr. Hughe

Present Bureau Chiefs Exonerated.

That under the direction of John D. William C. . otter, now directing the aircraft bureau, "there has been improvement in organization and progress has been made in gratifying measure." Mr. Hughes says there is measure." Mr. Hughes says there is no evidence or suggestion that either Mr. Ryan or Mr. Potter has taken any part in Government transactions with any concern in which he has a personal interest. He similarly exonerates How-ard Coffin and naval officers who were members of the original aircraft board.

That in the first fifteen months only 529 De Haviland service planes were trust act. Upon the trial Deeds, with delivered, but with the Hughes investigation proceeding, 1,821 were delivered this conviction was set aside by the Cir-

Division of Authority.

Mr. Hughes says that the order under which General Spier, with the approval of Secretaries Baker and Daniels, de-

that the actual control of aircraft pro

Getting down to the subject of "personal interests." Mr. Hughes quotes Section 41 of the Criminal Code of the United States, which says:

"No officer or agent of any corpora-

United States for the transaction of business with such corporation, joint stock company, association, or firm. Whoever shall violate the provision of

this section shall be fined not more than

He also cites the Food and Fuel Con-

The charges pertaining to the per-sonal interest in Government contracts relate particularly to Col. Edward A

Deeds, and grow out of the highly sug-

Col. Deeds or "Dietx"?

name Deeds for at least four generations

Company and was one of several con-

As to Co

two thousand dollars and be imprisoned

not more than two years."

"Yours very truly,

Later these telegrams were sent : The second division of the report deals Telegram Deeds to Talbott, July 3, the responsible officers and ad- 1917:

visory boards of the Signal Corps. Full authority was given the President to "Mr. H. E. Talbott, Dayton, Ohio. provide, through the War Department. "Gen. Squier went direct to De authority was given the President to provide, through the War Department, for aircraft production. Secretary Baker vested this authoriy in the Chief Signal Officer, then Brigadier-General, now Major-General, George O. Squier, Under him Col. Edward A. Deeds was made chief of the equipment division and Sidney Waldron his assistant, with Robert L. Mongomery of Montgomery, Clothler & Co. chief of the supply division. In May this year President Wil-

fined the duties of the Aircraft Board had the effect of greatly limiting the au-thority of the board and that "the mani-Airplane Company. C. F. KETTERING." fest purpose was to leave no question Telegram Deeds to Kettering, August

> "August 4, 1917 will be sent to H. E. Taibott, Sr. stead of to the Dayton Wright Airplane Company.

joint stock company, or association. 16, 1917:

"Old Point, Va., Sept. 16, 1917.

"Old Point, Va., Sept. 16, 1917. "E. A. DERDA." Telegram Deeds to Talbott, September

"H. E. Talbott, Dayton, Ohio.
"For your personal infomation "For your personal infomation as coming from your local attorney. Judge Advocate General has ruled it legal for Government to select one, contractor one and the two a third, as appraisers of market value of plant at expiration, of contract. If you care to raise the contract of the two will be found to be the final ruling.

"Highly Improper Conduct."

make any contract for work or supplies parties, was sent Deeds was an officer of the Government if the agent or in the army. This highly improper consuch a contract or order.

After indicating that other members of the Aircraft Board and Signal Corps did not have personal interest in Government department in Col. Deeds and both the chief of an inspection whose work is did not have personal interest in Government department in Col. Deeds and both the chief of an inspection may proper the Dayton Wright Company and the partment and the inspectors may proper the constant of the constant "But evidence of favortism, influence

confidential communications of this restive transactions with his former appears that the representative of the courts Government has a pecuntary interest in Col. Deeds was born in Granville. Dhio, on March 12, 1874. Mr. Hughes an officer or stockholder of or has a pecuniary interest in a corporation. has found no public record supporting firm or association which is a party to testimony that the Colonel once said his name was originally Dietz. He says Deeds denies having made this remark and states that his family has borne the the Government contract or order. the question is whether Col. Deeds had such an interest. His statement is that he had no such interest, but on the contrary had given up large salaries to devote himself to the Government ser-

officer of the National Cash Register Deeds told Secretary of War Baker a letter dated August 28, 1917, that he indicted in the Federal District Court had made a bona fide transfer of all his holdings in the United Motors Comfor the Southern District of Ohio, in 1912, for violation of the Sherman antiindings by Judge Hughes by saving:

"I agree with the conclusion reached by Judge Hughes that there is no evidence upon which it can fairly be charged that any member of the air-craft boards, including Mr. Howard E. Coffin, Gen. Squier. Col. F. A. Deeds. Col. R. L. Montgomery, Col. S. D. Waldon, Mr. Richard F. Howe, Mr. Harry B. Thayer, Admiral Taylor and other may be a summed of which it can fairly be find that it has received contracts for every type of American airplane and the bluenging from the manner of the production of Liberty motors in the first three months was "At the time of our entry into the war Mr. Deeds had large business interests at Dayton. His intimate business associated when the company was by gift to his wife." This took place on Octobacter of the production of Liberty motors in the first three months was "At the time of our entry into the war Mr. Deeds had large business interests at Dayton. His intimate business associated with the conviction was set aside by the Circuit Court of Appeals and the prosecution went no further.

"At the time of our entry into the war Mr. Deeds had large business interests at Dayton. His intimate business associates were Charles F. E. Talbott. Mr. Deeds and Mr. Kettering and H. E. Talbott. Mr. Deeds and Mr. Kettering (an inventor and engineer of ability) have been jointly associated by the Circuit Court of Appeals and the prosecution was set aside by the Circuit Court of Appeals and the prosecution went no further.

"At the time of our entry into the war Mr. Deeds had large business interests at Dayton. His intimate business associated by him of any of his shares in the Circuit Court of Appeals and the prosecution went no further.

"At the time of our entry into the war Mr. Deeds had large business interests at Dayton. His intimate business associated by him of any of This took place on Octobacter of the property of t

From May 27, 1917, to August 15, 1917, Mr. Vincent, while paid by Packard company, was lent to the Gov-ernment for the development of the Lib-

Clothier & Co. chief of the supply division. In May this year President Willows and transferred Gen. Squier to the direction of military signal duties and made Gen. William L. Keniy Director of Military Aeronautics and John D. Ryan Head Director of Aircraft Production, with William C. Potter as his "E. A. Deeds, Room 527 Manacy Buildary, during the period in which the company was paid \$249,000 on vouchers, including his own in Washington, D. C. ing, Washington, D. C.

"We believe all confidential telegrams should be sent to Mr. H. E. Talbott, Sr. It also says that some of these vouchers should be sent to Mr. H. E. Talbott, Sr. It also says that some of these vouchers should be sent to Mr. H. E. Talbott, Sr. It also says that some of these vouchers should be sent to Mr. H. E. Talbott, Sr. It also says that some of these vouchers that the period in which the company tent him to the Government. who had no authority to make the

The irregularity of proceeding i Mr. C. F. Kettering, City National this manner without a contract or proper Bank Building, Dayton, Ohio.

"Hereafter all confidential telegrams Hughes says. "It should be said, howorder in writing is apparent. Mr. Hughes says. "It should be said, however, that the evidence does not afford ground for the conclusion that the ernment was defrauded or that there was any intent to defraud the Government on the part of any of the partie

"A-distinct question, however, is preated as to Lieut.-Col. Vincent. Section 41 of the Criminal Code explicitly pro hibits any person who is directly or in-directly interested in the pecuniary profits or contracts of a corporation from acting as an officer or agent of the United States for the transaction of business with such corporation. It is manifest that Lieut.-Col. Vincent acted as an officer and agent of the Govern-ment for the transaction of business with the Packard Motor Car Company. which he was a stockholder, and that

trol act of August 10, 1917, which prohibits any agent or employee of the
United States from inducing or attempts
ing to induce any person or officer to
make any contract for work or supplies

The agent or in a strong light the relations of the
make any contract for work or supplies

The agent or in a strong light the relations of the
make any contract for work or supplies

The agent or in a strong light the relations of the
make any contract for work or supplies

The agent or in the age eroment for the transaction of business

with the corporation.

"The same would be true of the proor connectial communications of this over the second of the pro-sort, however otherwise reprehensible, duction manager having supervision of duction under contracts with the der the statutes above quoted unless it with respect to the applicability of the statute to which an officer or agen of the Government has been found. It the view that the statute has the scope suggested, Lieut.-Col. Mixter acted as an officer or agent of the United States. contrary to the prohibit Aeroplane and Motor Corporation which he was a stockholder. His l ings were small, but it cannot be said for that reason the statute is in applicable.

Vrooman Also Held Linble.

Major Howard C. Marmon formerly of the Nordyke & Marmon Company, is absolved from any violation of ute but Second Lieut Samuel B. Vroopany of New York, the Dayton Engineering Laboratories Company of Dayton Ohio and the United Motors Company of New York, the Dayton Engineering Laboratories Company of Dayton Ohio and the Dayton Company of the Signal Course In the equipment division
of the Signal Course of the Signal Corps, as inspector of ma-hogany purchased by the Government, he selected the district officers, who is turn selected the inspectors.

and has received dividends, with the exception of one quarter, for which
dividend was passed.

Accilities for the aircraft processes were
caption of one quarter, for which
ception of one quarter, for which
ce o enlist its important resources for the purpose of aircraft production." The re-port takes up the Engel Aircraft Com-E. Baker, a brother of the Secretary of War, was connected. It recites how when the Secretary of War learned of his brother's connection with the company brother's connection with the company the Secretary insisted that contracts the Covernment's service such taient as disloyalty. The reports obtained by pany of Niles, Ohio, with which Harry E. Baker, a brother of the Secretary of War, was connected. It recites how when was done, Harry E. Baker retired from

De Haviland Plane Defective.

ad to be rebuilt.

Dayton Wright Company to June entire programme."

As reflecting the attitude of mind of As reflecting the attitude of mind of The Dayton Wright Company to June on the programme.

19, 1918, produced only 529 planes, but it is not the next three months it turned out in the next three months it turned out it some of the men who were associated was scriously open to question.

1,220. To June 30 the Fischer Body with the work the report quotes from many of these were employed a letter written six months after we enter employed a letter written six months after we enter employed a letter written six months after we enter the could not satisfact the could not

delays in production a series of mislead-ing public statements were made with official authority. While they were authorized by the Secretary of War. Mr on information furnished by Gen. Squier ample of dilly dailying through a lack and Col. Deeds.

Misleading Statements Made.

coming of many difficulties mer in building up this new and intricate industry. This statement had its origin in a conversation between Col. Deeds and a representative of the Committee on Public Information a week or two before the completed statement was issued. A draft was first prepared and submitted to Col. Deeds, who examined it and made to Col. Deeds to some corrections. The statement contained in the paragraph above quoted was not only left unchanged, but was the subject of special inquiry. Col. Deeds was asked what was meant by the first shipment, and he replied, They are on the water now, on the way to France. He was then asked, 'How many?' and he answered, 'I do not know, but i do not think more than ten.' The statement in its final form was then prement in its final form was then pre-to the Germans now, because the only rifice, and that possibly Mr. Emde, G.

Gen. Squier and Col. Deeds.

Only One Plane Delivered. "At the time this statement was issued (February 20) only one plane had been (February 19) only delivered for shipment to the American Mr. Hughes criticises the Toost puss the Ford plant who had been shipped from the factory of system of awarding contracts. He says: the Ford plant who had been shipped from the factory of the spharent that with a large fixed compatible with the contract of the same of the sa were five DeH-4s, which had been

Lack of Airplane Engineers.

"Undoubtedly the lack of airplane en gineers was a serious obstacle. the Government's service such talent as disloyalty. The reports obtains was available. Whether or not much assistance could have been obtained in this tagonism to the Government. way is a question which cannot be an-swered in the absence of an appro- of the Kaiser. In an extre swered in the absence of an appro-priate test. It was, however, entirely obvious that the exigency called for the threstened the President. That as late as June 25 advices were most efficient organization and that no prosecution and a plea of guilty.

That as late as June 25 advices were most efficient organization and that no prosecution and a plea of guilty.

"The man was fined \$200, was released and the testimony is that he remainded the ports were numerous, and the comployer, who shealed these testinostics are ports were numerous, and the employer, who shealed these testined the ports were numerous, and the employer, who shealed these testined the ports were numerous, and the employer,

ments, 250 to flying fields, 1,429 to manu-facturers, &c. the remainder, or 205, be-ing turned over to the navy.

Mr. Hughes says that in the face of

Delay in Getting Spruce.

"Take the spruce situation as an exof organization. The first I knew of the pruce situation was around the latter "It is unnecessary," Mr. Hughes re-arks, "to review the delusive predic-ries. The entire aircraft programme dons and exaggerations contained in was and is now endangered by the lack importance was clear to some of these utterances. But particular attention should be directed to the official
statement released for publication in the
papers of February 21, 1918, which contained the following:

"The first American built battle
planes are to-day en route to the front
in France. This first shipment, though
in Itself not large, marks the final overcoming of many difficulties mer in build
ing up this new and intricate industry.

"Was and is now endangered by the lack
get spruce, and yet from
most importance was clear to some of the
most importance was clear to
wheth Ar conference was held on the subject a
which Ar conference was held on the subject a
sagers were present. According to the
minutes of this conference reports were
duction, until October 13, when Col.
Dispute was sent West on the situation,
et al.

The first American built battle
planes are to-day en route to the form
that time until now, notwithstanding remost importance was clear too.

A centerence was held on the subject a
which Mr. Ford and the factory man,
agers were present
duction, until October 13, when Col.

The first American built battle
most importance was held on the subject a
which Mr. Ford and the f If this had been your own bust-men would have been on their than institution. Several men would have been on their than institution.

sented to the Secretary of War, who way you can beat efficiency is to match the man bern, was making his sacrifice in the wife of the Liber derstanding that it had been verified by be obtained by a thorough organizing of motor to be used ultimately against Geo. Souther and Col. Deals. our responsibilities and following them many. through to a definite conclusion

The contraction of the contracti

with letters which they had, revised the contract so that they are now on a fixed price basis of \$4,000 an engine. If they cost \$3,300 that means a profit to the contractors of \$800 an engine. Which deducted from what would have been the profit is a saving of \$275 an engine. Under old orders there were an engine. Under old orders there were \$2,500 ordered, thus saving on engines \$6,187,500.

with letters which they had, revised the contractors of the Singer of

Found Ford Men Disloyal.

"In the case of the Ford Motor Comtional department and had represente the American Protective League), test

Company produced none, but it got into produced none, but it got into production in August, and up to October 11. 1918, had produced 452.

The Standard Aircraft Company had made no deliveries up to June 26, and since that time has delivered only forty-nine. The report also sets forth month by month the deliveries by each company of Liberty motors, the total to October 11 being 9,689. Then the report continuity of responsibility is so apparent (15-12s) to October 11, 1918, amounted in 3,639, of which 6,895 were for the army and 2,734 for the naxy. Of those for the army and 2,734 for the naxy. Of those for the army 3,655 had been floated, 456 were at ports or in transit, and there had been delivered 990 to allied Government, and that we are treading on other departments, 260 to flying fields, 1,429 to manu-features, for the remainder or 255 he. charge of Carl Emde can utterances by Emde. A former em pulling the latest Washington game of passing the buck, or else frankly resenting our appearance in the matter. employed in his department it is understood, has been interned.

Would Not Dismiss Emde "While nothing conclusive could be

established against Ende his work, the advisability of removing assist the Government assist the Government assist the Government and over

The proposed removal did